

**Agency Legislative Budget**

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	111.54	2.00	2.50	116.04	2.50	2.50	116.54	116.54
Personal Services	4,073,972	960,408	94,970	5,129,350	973,257	93,834	5,141,063	10,270,413
Operating Expenses	1,960,713	720,862	60,330	2,741,905	585,904	39,200	2,585,817	5,327,722
Equipment	156,990	155,280	100,000	412,270	127,663	0	284,653	696,923
Grants	3,097,778	4,339,339	0	7,437,117	830,831	0	3,928,609	11,365,726
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$9,289,453</b>	<b>\$6,175,889</b>	<b>\$255,300</b>	<b>\$15,720,642</b>	<b>\$2,517,655</b>	<b>\$133,034</b>	<b>\$11,940,142</b>	<b>\$27,660,784</b>
General Fund	598,135	15,772	230,300	844,207	(22,986)	108,034	683,183	1,527,390
State/Other Special	7,578,716	1,817,649	22,690	9,419,055	1,791,343	22,690	9,392,749	18,811,804
Federal Special	827,084	4,263,019	0	5,090,103	667,534	0	1,494,618	6,584,721
Proprietary	285,518	79,449	2,310	367,277	81,764	2,310	369,592	736,869
<b>Total Funds</b>	<b>\$9,289,453</b>	<b>\$6,175,889</b>	<b>\$255,300</b>	<b>\$15,720,642</b>	<b>\$2,517,655</b>	<b>\$133,034</b>	<b>\$11,940,142</b>	<b>\$27,660,784</b>

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Legislative Budget Analysis, C-160

**Executive Budget Comparison**

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg – Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg – Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	111.54	113.54	116.04	2.50	114.04	116.54	2.50	
Personal Services	4,073,972	5,034,380	5,129,350	94,970	5,047,229	5,141,063	93,834	188,804
Operating Expenses	1,960,713	2,706,575	2,741,905	35,330	2,571,617	2,585,817	14,200	49,530
Equipment	156,990	312,270	412,270	100,000	284,653	284,653	0	100,000
Grants	3,097,778	7,446,663	7,437,117	(9,546)	3,938,155	3,928,609	(9,546)	(19,092)
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$9,289,453</b>	<b>\$15,499,888</b>	<b>\$15,720,642</b>	<b>\$220,754</b>	<b>\$11,841,654</b>	<b>\$11,940,142</b>	<b>\$98,488</b>	<b>\$319,242</b>
General Fund	598,135	613,907	844,207	230,300	575,149	683,183	108,034	338,334
State/Other Special	7,578,716	9,428,601	9,419,055	(9,546)	9,402,295	9,392,749	(9,546)	(19,092)
Federal Special	827,084	5,090,103	5,090,103	0	1,494,618	1,494,618	0	0
Proprietary	285,518	367,277	367,277	0	369,592	369,592	0	0
<b>Total Funds</b>	<b>\$9,289,453</b>	<b>\$15,499,888</b>	<b>\$15,720,642</b>	<b>\$220,754</b>	<b>\$11,841,654</b>	<b>\$11,940,142</b>	<b>\$98,488</b>	<b>\$319,242</b>

The legislative budget is approximately \$319,000 higher than the executive proposal. General fund is increased by \$338,334 over the biennium and state special revenue is reduced by \$19,092. Major changes from the executive budget include:

- The legislature approved \$230,300 in FY 2006 and \$108,034 in FY 2007 of general fund for the analytical lab in Bozeman for operational costs and the purchase of lab equipment. The package adds 1.0 FTE and adjusts 4.0 FTE to full-time from part-time
- The legislature reduced the executive proposal for Growth Through Agriculture funding from the coal severance tax shared state special revenue account by \$19,092 over the biennium

**Agency Highlights**

Department of Agriculture Major Budget Highlights	
♦	The legislature approved the continuation of the cooperative agreement with US Forest Service in the 2007 biennium
♦	The legislature appropriated approximately \$340,000 of general fund over the biennium for the analytical lab in Bozeman
♦	Increases in grants of \$1.2 million to professional societies and universities for marketing and research activities and \$588,000 of Environmental Protection Agency homeland security grants were approved by the legislature

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2007 Biennium Legislative Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
15 Central Management Division	\$ 318,115	\$ 1,202,258	\$ 180,000	\$ 122,430	\$ 1,822,803	6.6%
30 Agricultural Sciences Div.	541,016	10,213,792	6,177,919	-	16,932,727	61.2%
50 Agricultural Development	668,259	7,395,754	226,802	614,439	8,905,254	32.2%
Grand Total	\$ 1,527,390	\$ 18,811,804	\$ 6,584,721	\$ 736,869	\$ 27,660,784	100.0%

**Program Legislative Budget**

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	13.00	0.00	0.00	13.00	0.00	0.00	13.00	13.00
Personal Services	637,009	48,844	0	685,853	47,465	0	684,474	1,370,327
Operating Expenses	200,050	15,302	25,000	240,352	(38,786)	25,000	186,264	426,616
Equipment	7,930	5,000	0	12,930	5,000	0	12,930	25,860
<b>Total Costs</b>	<b>\$844,989</b>	<b>\$69,146</b>	<b>\$25,000</b>	<b>\$939,135</b>	<b>\$13,679</b>	<b>\$25,000</b>	<b>\$883,668</b>	<b>\$1,822,803</b>
General Fund	168,116	10,172	0	178,288	(28,289)	0	139,827	318,115
State/Other Special	528,913	57,243	22,690	608,846	41,809	22,690	593,412	1,202,258
Federal Special	91,979	(1,979)	0	90,000	(1,979)	0	90,000	180,000
Proprietary	55,981	3,710	2,310	62,001	2,138	2,310	60,429	122,430
<b>Total Funds</b>	<b>\$844,989</b>	<b>\$69,146</b>	<b>\$25,000</b>	<b>\$939,135</b>	<b>\$13,679</b>	<b>\$25,000</b>	<b>\$883,668</b>	<b>\$1,822,803</b>

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Legislative Budget Analysis, C-163

**Funding**

The Central Management Division (CMD) is funded with a mixture of general fund, state and federal special revenue, and proprietary funds, through assessments on the programs it supports. State and federal special revenues and proprietary funded programs are assessed 20 percent of personal services and 2.5 percent of grants in order to compensate CMD for its services. General fund is used to account for any differences between the assessed amounts on the two functional divisions and the amount requested in the budget for CMD.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				77,423					75,986
Vacancy Savings				(28,579)					(28,521)
Inflation/Deflation				(140)					(135)
Fixed Costs				(15,596)					(53,651)
<b>Total Statewide Present Law Adjustments</b>				<b>\$33,108</b>					<b>(\$6,321)</b>
DP 1502 - Microsoft Office Licensing-OTO	0.00	0	14,556	0	16,038*	0.00	0	0	0
DP 1504 - Operations & Equipment	0.00	5,000	13,615	0	20,000*	0.00	5,000	13,615	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,000</b>	<b>\$28,171</b>	<b>\$0</b>	<b>\$36,038*</b>	<b>0.00</b>	<b>\$5,000</b>	<b>\$13,615</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$69,146*</b>					<b>\$13,679*</b>

DP 1502 - Microsoft Office Licensing-OTO - The legislature approved additional state special revenue and proprietary funding of \$16,038 in FY 2006 to purchase Microsoft Office Access and Publisher software licenses. This request would pay for 50 licenses.

DP 1504 - Operations & Equipment - The legislature approved additional general fund, state special revenue, and proprietary fund authority for the following:

- Increase in travel (\$20,000 over biennium)
- Education and training (\$10,000 over biennium)
- Server upgrade (\$10,000 over biennium)

### New Proposals

New Proposals											
		-----Fiscal 2006-----				-----Fiscal 2007-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1503 - Electronic Government											
15	0.00		0	22,690	0	25,000*	0.00	0	22,690	0	25,000*
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,690</b>	<b>\$0</b>	<b>\$25,000*</b>	<b>0.00</b>	<b>\$0</b>	<b>\$22,690</b>	<b>\$0</b>	<b>\$25,000*</b>

DP 1503 - Electronic Government - The legislature approved a request for state special revenue and proprietary funding authority to continue working on developing electronic government applications according to the departments comprehensive technology plan. The applications are for crop hail insurance and other agriculture related services such as beekeeper registration, feed and fertilizer, organic, grain, and pesticide. Funding is derived from a proportional assessment on all state special revenue funds in the department, including wheat and barley, noxious weed, pesticide and pesticide groundwater, and several others.

**Program Legislative Budget**

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	59.16	2.00	2.50	63.66	2.50	2.50	64.16	64.16
Personal Services	2,342,375	348,623	94,970	2,785,968	365,340	93,834	2,801,549	5,587,517
Operating Expenses	836,479	552,309	35,330	1,424,118	441,360	14,200	1,292,039	2,716,157
Equipment	137,865	77,117	100,000	314,982	69,000	0	206,865	521,847
Grants	2,097,603	3,706,000	0	5,803,603	206,000	0	2,303,603	8,107,206
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$5,414,322</b>	<b>\$4,684,049</b>	<b>\$230,300</b>	<b>\$10,328,671</b>	<b>\$1,081,700</b>	<b>\$108,034</b>	<b>\$6,604,056</b>	<b>\$16,932,727</b>
General Fund	101,341	0	230,300	331,641	0	108,034	209,375	541,016
State/Other Special	4,591,277	519,051	0	5,110,328	512,187	0	5,103,464	10,213,792
Federal Special	721,704	4,164,998	0	4,886,702	569,513	0	1,291,217	6,177,919
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$5,414,322</b>	<b>\$4,684,049</b>	<b>\$230,300</b>	<b>\$10,328,671</b>	<b>\$1,081,700</b>	<b>\$108,034</b>	<b>\$6,604,056</b>	<b>\$16,932,727</b>

**Page Reference**

Legislative Budget Analysis, C-167

**Funding**

General fund is used to mitigate the impact of noxious weeds on lands other than through the Department of Fish, Wildlife, and Parks and to supplement the analytical lab in Bozeman for the testing of livestock feed containing animal ruminants.

State special revenue is derived from several sources. The largest is for controlling noxious weeds. Revenues collected from the \$1.50 noxious weed vehicle registration fees and the \$185 per product pesticide registration fees are allocated \$95 to the groundwater revenue account and \$90 to the pesticide management revenue account. The pesticide management account also receives revenue from pesticide dealers and commercial, governmental, and farm application fees. Other state special revenues come from commercial feed and fertilizer registration and inspection fees. These fees include mint assessments, anhydrous ammonia and commodity inspection, testing and license fees, and commercial dealer and public-warehouse operator license fees.

The department entered into a cooperative agreement with the U.S. Forest Service (USFS) in the 2005 biennium for federal mitigation of noxious weed impacts of \$3,580,000. Federal funds are also received from the market services account, which funds bovine spongiform and encephalitis (BSE/Mad Cow Disease) inspections, as well as portions of the pesticide and ground water programs supported by the Environmental Protection Agency (EPA) and pest detection program supported by the U.S. Department of Agriculture (USDA).

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				352,537					351,694
Vacancy Savings				(107,792)					(107,763)
Inflation/Deflation				(6,849)					(6,844)
Fixed Costs				23,580					23,780
<b>Total Statewide Present Law Adjustments</b>				<b>\$261,476</b>					<b>\$260,867</b>
DP 3001 - USDA Federal Mitigation of Noxious Weed Impacts	0.00	0	0	3,580,000	0.00	0	0	0	0
DP 3002 - Pesticide Base Budget Adjustments	0.00	0	92,336	102,500	0.00	0	68,958	102,500	171,458
DP 3003 - Organic Program	0.50	0	48,792	110,000	1.00	0	55,482	110,000	165,482
DP 3005 - EPA Homeland Security-OTO	1.50	0	0	294,490	1.50	0	0	294,438	294,438
DP 3010 - Produce Base Budget Adjustments	0.00	0	0	5,080	0.00	0	0	5,080	5,080
DP 3011 - Feed and Fertilizer Base Budget Adjustments	0.00	0	12,000	0	0.00	0	7,000	0	7,000
DP 3012 - Mint Committee Base Budget Adjustments	0.00	0	2,890	0	0.00	0	2,890	0	2,890
DP 3013 - Noxious Weed Admin Base Budget Adjustments	0.00	0	116,000	0	0.00	0	116,000	0	116,000
DP 3014 - Groundwater Base Budget Adjustments-OTO	0.00	0	23,277	0	0.00	0	23,277	0	23,277
DP 3015 - Caps Base Budget Adjustments	0.00	0	0	35,208	0.00	0	0	35,208	35,208
<b>Total Other Present Law Adjustments</b>	<b>2.00</b>	<b>\$0</b>	<b>\$295,295</b>	<b>\$4,127,278</b>	<b>2.50</b>	<b>\$0</b>	<b>\$273,607</b>	<b>\$547,226</b>	<b>\$820,833</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$4,684,049</b>					<b>\$1,081,700</b>

DP 3001 - USDA Federal Mitigation of Noxious Weed Impacts - The legislature approved continuance of the Cooperative Forestry Assistance Program with the US Forest Service for the 2007 biennium. Funding is from federal special revenue.

DP 3002 - Pesticide Base Budget Adjustments - The legislature approved additional state special revenue for the following general adjustments: 1) \$43,117 for two trucks; 2) office rent of \$10,791; 3) \$14,238 for additional travel; 4) laboratory equipment of \$50,000; 5) consultants and professional fees of \$203,022; and 6) \$45,126 for miscellaneous operating expenses. The federal fund increases of \$102,500 a year are for federal discretionary grants that the division will apply for when they become available.

DP 3003 - Organic Program - The legislature approved additional federal special revenue and state special revenue for program costs as well as 0.50 FTE in FY 2006 and 1.00 FTE in FY 2007. The program is self-supporting with organic certification revenues.

DP 3005 - EPA Homeland Security-OTO - The legislature approved additional federal special revenue in anticipation of EPA discretionary funds becoming available for security procedures on agricultural chemicals, and special pesticide programs involving training, enforcement, worker protection, endangered species, and ground water protection. Also included is 1.50 FTE to manage and provide support for the program.

DP 3010 - Produce Base Budget Adjustments - The legislature approved adjusting the produce base to fully appropriate the funds anticipated from the USDA. Funding is from federal special revenue and would be used for miscellaneous operating and travel expenses.

DP 3011 - Feed and Fertilizer Base Budget Adjustments - The legislature approved additional appropriations from feed and fertilizer funds for maintenance contracts for updated equipment purchased in FY 2004 in the amount of \$14,000 and the purchase of a vehicle for \$5,000. Funding is equally from the commercial fertilizer fund and the commercial feed fund.

DP 3012 - Mint Committee Base Budget Adjustments - The legislature approved restoring per diem, travel, meeting expenses, program supplies, and contracted services for research on mint production and management of pests and weeds for the Mint Committee. Funding is from the mint committee fund.

DP 3013 - Noxious Weed Admin Base Budget Adjustments - The legislature approved an increase in noxious weed administration funds of \$103,800 per year for: 1) issuing grants of \$100,000 a year to local counties for fighting noxious weeds in Montana; 2) per diem restoration for the weed council members of \$2,200 a year; and 3) anticipated increased travel costs for the board of \$1,600 a year. The legislature also approved an increase in the weed seed free forage account of \$12,200 a year for purchasing twine, tags, and seals.

DP 3014 - Groundwater Base Budget Adjustments-OTO - The legislature approved an increase for the purchase of two replacement trucks for \$20,000 each, and additional travel for \$1,027. The legislature also approved an additional appropriation to fund maintenance contracts for updated equipment purchased in FY 2004 for the lab in Bozeman for \$2,250. Funding is from the pesticide groundwater fund.

DP 3015 - Caps Base Budget Adjustments - The legislature approved additional federal special revenue authority of \$35,208 per year for increased program and travel expenditures.

### New Proposals

New Proposals											
-----Fiscal 2006-----						-----Fiscal 2007-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 519 - Analytical Lab Cost Adjustments											
	30	2.50	230,300	0	0	230,300	2.50	108,034	0	0	108,034
	<b>Total</b>	<b>2.50</b>	<b>\$230,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$230,300*</b>	<b>2.50</b>	<b>\$108,034</b>	<b>\$0</b>	<b>\$0</b>	<b>\$108,034*</b>

DP 519 - Analytical Lab Cost Adjustments - The legislature approved \$230,300 in FY 2006 and \$108,034 in FY 2007 of general fund for the analytical lab in Bozeman. This funding pays for operational costs of \$49,530 and purchase of a PCR piece of equipment for \$100,000. The addition also includes 1.00 FTE and adjusts 4.00 FTE to full-time from part-time, for a cost of \$188,804.

### Language

The legislature approved the following language for inclusion in HB2:

The department shall present a report to the joint subcommittee on natural resources of the 2007 legislative session that compares the cost of leasing a vehicle from the department of transportation to purchasing a vehicle.

### Proprietary Rates

#### Proprietary Program Description

The Alfalfa Leaf-cutting Bee Program (fund 06011) was established in Title 80, Chapter 6 Part 11, MCA. The Alfalfa Seed Committee establishes standards for pathogens and parasites, certification of bees, and management of the program in cooperation with the department. Department personnel perform field and laboratory duties for the committee.

**Proprietary Revenues and Expenses**

Alfalfa leaf-cutting bee account revenues are received from laboratory analyses for pathogens in larva and the determination of sex ratios. Expenditures include laboratory costs and committee members' per diem. There are no FTE funded in this program; however, there are usually overtime payments to the entomologist to pay for the laboratory analyses performed. There is a \$15.00 registration fee for alfalfa leaf-cutting bee owners that is paid once. There is a \$30.00 certification fee per sample for certifying samples. There is a \$30.00 fee for sample analysis per sample, and if requested an additional fee of \$20.00 for sex ratio and percent emergence.

**Proprietary Rate Explanation**

Fees are charged for certification and registration of Alfalfa Leafcutter bees in Montana and for laboratory expenses. The fees charged are set by rule. Rates are \$30 for a minor A license and \$15 for a minor B license.



**Program Legislative Budget**

The following table summarizes the legislative budget proposal for the program by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	39.38	0.00	0.00	39.38	0.00	0.00	39.38	39.38
Personal Services	1,094,588	562,941	0	1,657,529	560,452	0	1,655,040	3,312,569
Operating Expenses	924,184	153,251	0	1,077,435	183,330	0	1,107,514	2,184,949
Equipment	11,195	73,163	0	84,358	53,663	0	64,858	149,216
Grants	1,000,175	633,339	0	1,633,514	624,831	0	1,625,006	3,258,520
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$3,030,142</b>	<b>\$1,422,694</b>	<b>\$0</b>	<b>\$4,452,836</b>	<b>\$1,422,276</b>	<b>\$0</b>	<b>\$4,452,418</b>	<b>\$8,905,254</b>
General Fund	328,678	5,600	0	334,278	5,303	0	333,981	668,259
State/Other Special	2,458,526	1,241,355	0	3,699,881	1,237,347	0	3,695,873	7,395,754
Federal Special	13,401	100,000	0	113,401	100,000	0	113,401	226,802
Proprietary	229,537	75,739	0	305,276	79,626	0	309,163	614,439
<b>Total Funds</b>	<b>\$3,030,142</b>	<b>\$1,422,694</b>	<b>\$0</b>	<b>\$4,452,836</b>	<b>\$1,422,276</b>	<b>\$0</b>	<b>\$4,452,418</b>	<b>\$8,905,254</b>

**Page Reference**

Legislative Budget Analysis, C-172

**Funding**

Eight percent of the Agricultural Development Division's funding is general fund, which supports administration, agricultural markets, and agriculture statistic functions.

Non-general fund provides 89 percent of the Agricultural Development Division funding. State special revenue consists of wheat and barley sales taxes, coal severance tax collections, grain testing fees, alfalfa seed assessments, private donations, income tax checkoffs for Agriculture in Montana Schools, and interest earnings. The Growth Through Agriculture (GTA) Program receives a share of 7.75 percent of coal severance tax collections to fund grants and operations of the Agriculture Development Council for the Montana Growth Through Agriculture Act.

Federal special revenue accounts for three percent of total funds and is used for investments or loans in projects that stimulate agriculture development and diversification in Montana.

Proprietary funds are from Hail Insurance and expendable trust funds are from the Rural Development and Rehabilitation Program.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				418,463						415,868
Vacancy Savings				(60,522)						(60,416)
Inflation/Deflation				(6,327)						(6,505)
Fixed Costs				13,110						13,367
Total Statewide Present Law Adjustments				\$364,724						\$362,314
DP 5001 - Montana Agricultural Statistics Service GF Approp										
0.00	5,000	0		0	5,000	0.00	5,000	0	0	5,000
DP 5002 - Mt Agricultural Statistics-Alternative Crop Survey										
0.00	0	4,968		0	4,968	0.00	0	4,968	0	4,968
DP 5003 - State Grain Lab Bureau Base Adjustment										
0.00	0	258,463		0	258,463	0.00	0	256,663	0	256,663
DP 5004 - Montana State Hail Insurance Prog. Base Adjustment										
0.00	0	0		0	15,000*	0.00	0	0	0	18,500*
DP 5005 - Wheat & Barley Bureau Base Adjustment										
0.00	0	650,146		0	650,146	0.00	0	650,439	0	650,439
DP 5009 - Federal Marketing Appropriation Authority										
0.00	0	0	100,000		100,000	0.00	0	0	100,000	100,000
DP 5020 - Montana Agriculture Development Council Grants										
0.00	0	24,393		0	24,393	0.00	0	24,392	0	24,392
Total Other Present Law Adjustments										
0.00	\$5,000	\$937,970	\$100,000		\$1,057,970*	0.00	\$5,000	\$936,462	\$100,000	\$1,059,962*
Grand Total All Present Law Adjustments				\$1,422,694*						\$1,422,276*

DP 5001 - Montana Agricultural Statistics Service GF Approp - The legislature approved \$5,000 of general fund each year for personal services in the Montana Agriculture Statistics Program. This program collects and publishes statistics relating to production and marketing of crops.

DP 5002 - Mt Agricultural Statistics-Alternative Crop Survey - The legislature approved state special revenue authority each year for printing and program costs.

DP 5003 - State Grain Lab Bureau Base Adjustment - The legislature approved additional state special revenue authority for anticipated or potential expenditures: 1) personnel services of about \$200,000 each year; and 2) \$114,000 over the biennium for the purchase of lab equipment.

DP 5004 - Montana State Hail Insurance Program. Base Adjustment - The legislature approved an increase in proprietary funding from the Hail Insurance fund of \$33,500 over the biennium for anticipated expenditures for increased travel costs of hail claims adjusters.

DP 5005 - Wheat & Barley Bureau Base Adjustment - The legislature approved an increase of approximately \$650,000 each year for grants to professional societies and universities. The funding is from the wheat and barley committee and is mainly used for marketing and research activities.

DP 5009 - Federal Marketing Appropriation Authority - The legislature approved additional federal special revenue authority of \$100,000 each fiscal year for investments or loans in projects that stimulate agriculture development and diversification in Montana.

DP 5020 - Montana Agriculture Development Council Grants - The legislature approved additional state special revenue authority for investments and agricultural development projects in Montana. The Montana Agriculture Development Council may make investments in projects that have the ability to increase agricultural development and diversification in Montana. Funding is from the coal tax shared account.

**Proprietary Rates****Proprietary Program Description**

The Hail Insurance program (fund 06052) has been in operation since 1917. The function of the program is to provide low cost hail insurance coverage for any crop grown in Montana to assist producers in recovering their input costs should there be hail damage. The program insures approximately 1.4 million acres of crops with coverage exceeding \$30 million each year.

The Montana Beginning Farmer/Rancher Loan Program (fund 06016) is a tax-exempt bond program designed to assist beginning farmers/ranchers in the State of Montana to acquire agricultural property at lower interest rates. The program enables lenders, individuals, partnerships, corporations, and other entities to receive federally tax-exempt interest with respect to a loan or contract sale made to a qualifying beginning farmer/rancher. The financial institution, after arranging the loan or sales contract, will obtain from the Montana Agriculture Loan authority (the authority) a federally tax-exempt bond in the amount of the loan or unpaid balance. The loan and its collateral will be assigned to the financial institution as security for the bond. In the case of a contract sale, the contract will be entered into by the Authority, and the Financial Institution will receive the bond to evidence the Authority's obligations under the contract. The Authority's right, title and interest in the contract will then be assigned to the beginning farmer/rancher who assumes payment obligations of the Authority under the contract.

**Proprietary Revenues and Expenses****Hail Insurance Program**

Hail premiums charged are set by 80-2-208, MCA, and cannot exceed \$40 per acre for non-irrigated land and \$56 per acre for irrigated land. The program is required to keep a reserve as set by 80-2-228, MCA. An actuary is hired each year to review the reserve requirements. The program pays for 2.50 full-time FTE and 4.88 seasonal FTE to support program operations. In addition, the program must pay for associated operating expenses.

**Beginning Farmer/Rancher Loan Program**

An applicant pays a \$50 application fee and a loan participation fee of 1.5 percent of the value of the bond. These rates are unchanged from last biennium. Once the program is operational, it will fund a 0.50 FTE and related operating expenses. The FTE will not be filled until revenue will support it.

**Proprietary Rate Explanation****Hail Insurance Program**

Hail premiums charged are set by section 80-2-228, MCA.

**Beginning Farmer/Rancher Loan Program**

An applicant pays a \$50 application fee and a loan participation fee of 1.5 percent of the value of the bond. These rates are unchanged from last biennium.

Proprietary table 6016